

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6818

BILL NUMBER: SB 356

DATE PREPARED: Dec 20, 2001

BILL AMENDED:

SUBJECT: Salary of Court Officers.

FISCAL ANALYST: Mark Goodpaster

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FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

STATE IMPACT	FY 2002	FY 2003	FY 2004
State Revenues		4,323,915	4,432,415
State Expenditures		2,058,007	4,116,015
Net Increase (Decrease)		2,265,908	316,400

Summary of Legislation: This bill increases the state-paid salary of trial court judges, prosecuting attorneys, judges of the court of appeals, and justices of the supreme court. It establishes a Court Management Fee and provides for the collection of the fee in criminal and civil actions. It provides for the deposit of Court Management Fee revenue in the State General Fund.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This bill provides for additional state expenditures for the salaries of judges, prosecuting attorneys, certain deputy prosecuting attorneys, and state-paid magistrates. The bill also provides for increased revenues from the implementation of a Court Management Fee. *Projected new revenues are greater than the estimated new expenditures resulting in projected additional net revenues to the state General Fund of \$2.2 M. in FY 2003 and \$316,400 in each subsequent year.*

Background: The proposed increases would affect the salaries of 585 court officers.

Their current salaries and proposed changes are shown in the following table:

	No. of Officers	Current Salary	Proposed Salary
Supreme Court Justices	5	\$115,000	\$125,000
Court of Appeals Judges	16	\$110,000	\$117,500
Trial Court Judges	296	\$90,000	\$97,000
Magistrates	49	\$72,000	\$77,600
Juvenile Court Referees	17	\$30,607	\$36,207
Prosecuting Attorneys			
Full Time	66	\$90,000	\$97,000
Part Time @ 66%	11	\$59,400	\$64,020
Part Time @ 60%	13	\$54,000	\$58,200
Deputy Prosecuting Attorneys			
Full Time:	66	\$67,500	\$72,750
Deputies @ 66%	24	\$44,550	\$48,015
Deputies @ 60%	22	\$40,500	\$43,650

The salaries of magistrates are defined in statute as 80% of the salary of a trial court judge (IC 33-4-7-9.1). The salaries of juvenile court magistrates are also 80% of the salary of trial court judges, but the county pays \$41,393 of the total salary (IC 33-13-12-8.2). The salaries of the prosecuting attorneys are the same as the salaries of the judges of the circuit court (IC 33-14-7-5). Prosecuting attorneys may elect to work part-time. If they do, then their salary will either be 60% or 66% of the salary of a full-time prosecuting attorney, depending on whether there are correctional facilities or state mental facilities located in the county in which they serve. Deputy prosecuting attorneys who are paid by the state may also elect to work on a part-time basis. Part-time deputy prosecuting attorneys are paid 75% of the salary of prosecuting attorneys (IC 33-14-7-2).

The added costs for salaries for these judicial officers include the added salary expenses, the added costs for social security payments, and the added costs for pension liabilities. The total impact on the state General Fund is described in the following table.

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2005</u>
Judges & Magistrates:				
Salaries	\$1,305,800	\$2,611,600	\$2,611,600	\$2,611,600
Life and Disability Insurance	\$32,776	\$65,551	\$65,551	\$65,551
Social Security and Medicare	\$30,392	\$60,783	\$60,783	\$60,783
Judges Retirement Fund	\$110,285	\$220,570	\$220,570	\$220,570
Prosecuting Attorneys:				
Salaries	\$533,190	\$1,066,380	\$1,066,380	\$1,066,380
Life and Disability Insurance	\$13,383	\$26,766	\$26,766	\$26,766
Social Security and Medicare	\$26,491	\$52,982	\$52,982	\$52,982
Pros. Attys. Retirement Fund	<u>\$5,691</u>	<u>\$11,382</u>	<u>\$11,382</u>	<u>\$11,382</u>
Additional Expenditures:	<u>\$2,058,007</u>	<u>\$4,116,015</u>	<u>\$4,116,015</u>	<u>\$4,116,015</u>

Explanation of State Revenues: *Revenue from Fees:* This bill would establish a Court Management Fee of \$4 effective July 1, 2002. This fee would be assessed on all civil and criminal cases. This \$4 fee is

estimated to generate \$4.2 M in a 12-month period.

Tax Revenue Generated By Added Salaries: Court officers' additional income would be subject to the 3.4% state income tax. Because the effective date of the salary increase would be January 1, 2003, the added expenditures for FY 2003 would be for a half year. Based on the estimated increase in salaries, the state would collect an additional \$62,526 in income taxes in FY 2003 and \$125,051 in FY 2004 and subsequent years. Similarly, if half of the additional income is used to purchase taxable items, the state would collect an additional \$45,957 in sales taxes in FY 2003 and \$91,950 in FY 2004 and each subsequent year.

The following table summarizes these estimates.

<u>Tax</u>	<u>Comments</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Income Tax	Based on 3.4% of added salary	\$62,526	\$125,051	\$125,051
Sales Tax	Assumes half of added salary used to purchase taxable items at 5%	<u>\$45,975</u>	<u>\$91,950</u>	<u>\$91,950</u>
Total Revenue		<u>\$108,501</u>	<u>\$217,001</u>	<u>\$217,001</u>

Explanation of Local Expenditures:

Explanation of Local Revenues: *Salaries:* Counties with a local option income tax may experience a minimal increase in income tax revenue.

State Agencies Affected: State Supreme Court, Court of Appeals, Tax Court.

Local Agencies Affected: Trial courts, prosecuting attorneys.

Information Sources: 2000 Judicial Services Report.